

ORIGINAL

CLERK US DISTRICT COURT
NORTHERN DIST. OF TX
FILED

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

DEPUTY CLERK

RR

UNITED STATES OF AMERICA

v.

SRIDHAR IYER(1)

§
§
§
§
§

Criminal No. _____

3-10CR0009 N

FACTUAL RÉSUMÉ

I. Elements

Misapplication of Federal Program Funds and Aiding and Abetting
Violation of 18 U.S.C. §§ 666(a)(1)(A) and 2

First: that the defendant was an agent of an organization, namely Whoola, Inc.;

Second: that the defendant intentionally misapplied or caused to be misapplied some money or property;

Third: that the money or property was owned by, or was under the care, custody or control of the organization;

Fourth: that the money or property had a value of \$5,000 or more; and

Fifth: that the organization, in a one year period, received benefits of more than \$10,000 under any Federal program involving a grant, contract subsidy, loan, guarantee, insurance or other assistance. The one year period must begin no more than 12 months before the defendant committed these acts and must end no more than 12 months afterward.

II. Facts

Whoola, Inc. (Whoola) was an organization within the definition of 18 U.S.C. § 18, namely, a domestic corporation. Whoola's office was located in Dallas, Texas from

May-July, 2004. In July 2004, Whoola relocated to Richardson, Texas. Both locations were in Dallas County, in the Dallas Division of the Northern District of Texas. Whoola maintained a bank account at Bank of Texas, N.A. in Richardson, Texas.

Defendant, **Sridhar Iyer**, was an agent of Whoola within the meaning of 18 U.S.C. § 666(d)(1), namely, its president and chief technical officer. "S.M.C", the chief executive officer of Whoola, identified by his initials, was also principal of a Delaware corporation authorized to do business in Texas, identified by its initials as "S.L.", Inc. with an office in Plano, Texas.

In April, 2004, the United States Department of Commerce, National Institute of Standards and Technology, Advanced Technology Program (NIST/ATP), on the application of **Iyer**, awarded a \$2 million grant to Whoola for the development of computer-network-based "peer to peer virtual reality learning environments" grant no. 70NANB4H3020. The grant covered a three year period, from May1, 2004 through April 20, 2007, and required Whoola, Inc. to provide a cost match of \$149,300 over three years, bringing the total project budget to \$2,149,300. **Iyer**, through Whoola, proposed to create an Internet software program wherein students would be able to interact with one another online to work upon educational projects together. The grant funds were disbursed to Whoola as follows.

<u>Grant Year</u>	<u>Year Began</u>	<u>Grant Money Disbursed</u>
Year 1	05/01/2004	\$700,000
Year 2	05/01/2005	\$700,000
Year 3	05/01/2006	\$260,000

In October 2006, special agents of the United States Department of Commerce Office of Inspector General became aware that grant funds were being misapplied and began an investigation. During multiple interviews with said agents, **Iyer** confirmed that he intentionally misapplied NIST/ATP grant funds at the direction of "S.M.C." This information was relayed to NIST/ATP, which immediately suspended the grant on October 6, 2006.

The bulk of the misappropriation went to paying for salaries and fringe benefits for employees who did not make any contributions to the grant effort. Part of **Iyer**'s salary was for "commercialization" of the research effort which was not to be paid out of grant funds. Other money was misappropriated to purchase desktop and laptop computers for "S.M.C."s family.

The misapplication by **Iyer** is summarized as follows:

Grant Year	Employee #1	Iyer	Employee #2	Employee #3	Computers
Year 1	\$7,500	\$0	\$8,423.20	\$9,000.00	\$2484.29
Year 2	0	30,000.00	37,500.00	0	\$3186.87
Year 3	0	0	0	0	\$2113.05

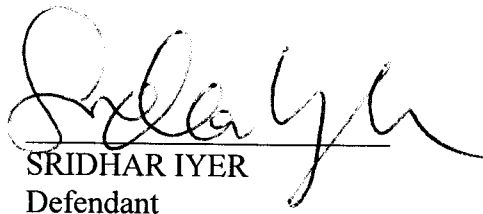
Item	Year 1	Year 2	Year 3
Employee #1	\$7,500	0	0
Iyer	\$0	30,000.00	0
Employee #2	\$8,423.20	37,500.00	0
Employee #3	\$9,000.00	0	0
Computers	\$2484.29	\$3186.87	\$2113.05
Total	\$27,407.49	\$70,686.87	\$2113.05

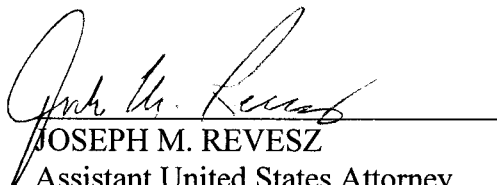
Total for all three grant years: **\$100,207.41.**


The foregoing facts are true and correct.

AGREED TO AND SIGNED this 13th day of January, 2010.

JAMES T. JACKS
UNITED STATES ATTORNEY


SRIDHAR IYER
Defendant


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